

- **Permits through Reciprocity:**

- **Work Product Review Requirement:**

(1): Previously, the North Dakota Appraiser Board required that an individual applying through Reciprocity 1) was in good standing, 2) provide evidence that at the time the applicant was originally licensed or certified in his/her home state, the requirements of that state were substantially equivalent to ND's requirements for licensure or certification. This included review of work product as part of the initial application process. (This review process is to insure that the appraisal reports are developed and reported in accordance with specific rules (USPAP).) If the applicant's work product had not been reviewed as part of the application process, the applicant could not make application via reciprocity, he/she would then have to go through the full application process (the same application process required of a ND resident), which included review of work product. The review process, significantly delayed an individual from obtaining a License or Certification, although the individual could apply and work under a Temporary Practice Permit (Job specific).

Currently, the Appraiser Board no longer requires review of work product for an appraiser applying for licensure or certification in ND via Reciprocity **provided** 1) the applicant is in good standing within the other State(s) in which the individual is currently Licensed and/or Certified and 2) the applicant provides verification that the current requirements of the applicant's home state of licensure/certification are substantially equivalent to ND's requirements. (Note: All states are required to meet the minimum requirements set by the national requirements. Some states' requirements exceed those set on the national level. ND law does not allow requirements beyond the minimum.)

If the applicant is found to have a history of disciplinary action(s) the Board may require review of work product as part of the application process.

(2): Previously, the North Dakota Appraiser Board required that the approval of an applicant's permit through Reciprocity be granted only after formal consideration by the Board at the next Appraiser Board meeting. The Board meets quarterly or via conference call meeting, as needed, a much slower process.

Currently, the Appraiser Board has given the Administrator, Jodie Campbell the authority to issue a permit via reciprocity if, after review of the application, the applicant is 1) in good standing and 2) the requirements for licensure/certification are substantially equivalent to ND's requirements for licensure/certification. The Appraiser Board will then ratify the applicant's permit at the next Appraiser Board meeting. This allows the applicant to practice as a fully permitted appraiser sooner than previously allowed. If during the due diligence process, Jodie has a concern that she feels needs to be addressed by the Appraiser Board, the applicant will not be issued a permit until the Appraiser Board has met and fully considered the application.

- **Permit through Temporary Practice:**

The ASC (Appraisal Subcommittee – the Federal oversight agency for all States) requires a State to issue a Temporary Practice permit within a maximum of a three-day time frame. This requirement is easily met by the North Dakota Appraisal Board. (to-date 120 temporary permits have been issued in 2012 as compared to 115 in 2011, 112 in 2010, 90 in 2009).

In fact, the issuance of a Temporary Practice permit from the North Dakota Appraiser Board remains a very fast process with permits nearly always issued the same day the Appraisal Board office receives a qualified request.

The ASC also recommended that a limit be placed on the number of Temporary Practice Permits that should be issued to an individual during a single year. With this in mind, the North Dakota Appraisal Board has placed a limit of 6 temporary practice permits for an individual during any one-year period.

This does not appear to be a burden as most individuals who were obtaining multiple Temporary Practice permits in a single year have now decided to get a full permit through the eased Reciprocity permit process.

- **Supervisor/Trainee Process:**

Previously, the Appraiser Board did not fully participate (more or less a hands-off approach) in a Supervisor/Trainee program as it was felt this was a business decision and the market demand would provide for expansion of the number of appraisers needed.

Currently, the Appraiser Board has become much more active and now requires both the Supervisor and the Apprentice to take a 4-hour exam before meeting the requirements of becoming a Supervisor. Most individuals seeking to become a Supervisor are now taking an on-line 4-hour course although the North Dakota Appraisal Board is currently in the process of working with an education provider to develop an in-State Supervisor/Apprentice program. Current plans are to have the first such course offering available for a spring, 2013 class offering.

In addition, the Appraiser Board has adopted a policy that will allow an Apprentice to provide up to two of the applicants "sample" appraisal reports to the North Dakota Appraiser Board for review and comment. These reports will not be subject to disciplinary action, should they be found to be in violation of USPAP. It is the intention of the Appraisal Board to provide this service as a learning tool for both the Apprentice as well as the Supervisor.

North Dakota is one of seven "voluntary" States which means individuals can work as an appraiser in this State as long as they do not hold themselves out to be a Licensed or Certified Appraiser. Currently this allows an individual to gain much of his/her experience without even obtaining an Apprentice permit.

The rules at the Federal level are changing with respect to Apprentice appraiser permits and also with respect as to who will be allowed to be a Supervisor appraiser. The North Dakota Appraiser Board has asked the ASC for an opinion as to whether or not an individual will be allowed to continue to gain work experience without becoming an Apprentice. We have not heard back from the ASC in answer to this question.

The Appraisal Qualifications Board of the Appraisal Foundation had proposed rules that would not allow Licensed Appraisers to act as Supervisor appraisers in the future. Because North Dakota had so many Licensed Appraisers, the North Dakota Appraiser Board sent a letter to the AQB objecting to this proposed change. Unfortunately, the AQB adopted this change and Licensed Appraisers will not be allowed to act in a capacity of a Supervising appraiser, once the rule becomes effective (7/1/2013).

- **Appraiser Board Meetings:**

Previously, all quarterly of the Appraiser Board were posted on the Appraiser Board web-site and were also provided to the Secretary of State's office, as required. From time to time conference call meetings were required to address some business that simply could not wait until the regularly scheduled quarterly meeting dates. These conference call meetings were also filed with Secretary of State's office.

Currently, the Appraiser Board continues to file all meetings with the Secretary of State's office and posts meetings of the website. In addition a "blast" e-mail of the agenda is forwarded to all permitted appraisers and other interested parties when ever any meeting of the Appraiser Board is to be convened. There are times when a conference call is called with rather short notice, but all interested parties are made aware of these meetings.

If any interested party wishes to attend any of the Appraiser Board meetings they are welcome attend, either in-person or by conference call. In fact, the North Dakota Appraiser Board will allow a Licensed or Certified Appraiser to obtain 3-hours of continuing education for just attending an Appraiser Board meeting (provided the meeting lasts at least three hours and the appraiser is in attendance for the full meeting).

- **Appraiser Board Outreach:**

(1): *Previously*, the Appraiser Board provided limited outreach to the individual appraisers permitted in the State. This outreach was limited to educational offerings, information available on the website.

***Currently*,** the Appraiser Board has taken additional steps for outreach to the individual appraisers permitted in this State. The Appraiser Board has offered to provide up to \$500 in "start-up" fees for a North Dakota Professional Appraisers Association.

Although the Appraiser Board recognizes the existence of the North Dakota Chapter of the Farm Managers and Rural Appraisers as a viable and important professional association in the State, it was felt there were many appraisers (i.e. residential and commercial appraisers) that had needs not being fully satisfied by only one professional appraiser organization.

The members of the North Dakota Appraiser Board also recognized that the Appraiser Board must maintain separation from any such professional appraiser organization (in much the same way the Real Estate Commission maintains separation from the North Dakota Association of Realtors) but it also recognized the potential benefits that would accrue to the profession with the presence of such appraisal professional organizations.

The development of the North Dakota Professional Appraisers Association has been a slow process, primarily due to the fact that the appraisers who would provide leadership to the development of such an organization are simply too busy attempting to meet their own appraisal deadlines that volunteer time to serve in the development and continued operation of such an organization is problematic.

Therefore, the Appraiser Board remains focused on continuing to provide needed and relevant continuing education until such time as local professional associations can fulfill that need.

(2): *Previously*, the North Dakota Appraiser Board provided very little outreach to other industries such as the banking, real estate sales and home building industries. Part of the reason for this limited outreach was that it was felt any such outreach should be on the part of the various professional associations, rather than an outreach from a regulator to an industry association.

***Currently*,** the Appraiser Board has recognized that further development of the professional appraisers association is needed and the Appraiser Board has stepped up to the plate by working with an education provider to put on a seminar designed to help appraisers, bankers, real estate sales and home builder professions better understand each other and perhaps develop a level of communication that will benefit all affected professions.

The first pilot program has been offered in Fargo, Bismarck and is currently being offered in Minot. Although this is a first step in such outreach, it appears the effort has been worth while, based on information obtained from the attendees.

SUMMARY:

The Appraiser Board has made good efforts in meeting the request of the North Dakota Legislature and especially this Committee. While we have more to do, real progress is being made.

North Dakota remains unique in the demand for goods and services and the appraisal industry is still catching up to the demand for more appraisers who can provide better (and timelier) service.

Even so, the following recap will provide the Committee with the results of the efforts of the Appraiser Board to promote more appraisers in North Dakota.

I should note there are several appraisers who are waiting to become Certified in this State until after January 1, 2013. This waiting period is so that these individual appraisers will not need to pay dues for the little time remaining in 2012 (our legal counsel has indicated our current rules do not allow for pro-rating of fees).

governor may reappoint that former member to the board. The governor shall appoint members so the terms of no more than two members expire each year. A member of the board continues to hold office until the appointment and qualification of a successor. The governor may remove a board member for cause.

3. Annually the members shall elect a chairman from among the members. At least two of the members who are appraiser members must be present in order for a quorum to exist. The members are entitled to receive compensation for each day actually engaged in the service of the board and actual and necessary traveling expenses at the rate allowed other state officials, paid from the fees collected by the board.

43-23.3-03. Powers and duties of the board.

1. The board, or the board's designated representative, shall:
 - a. Define apprentice appraiser, licensed appraiser, certified residential appraiser, and certified general appraiser; determine the type of educational experience, appraisal experience, and equivalent experience that meet the requirements of this chapter; establish application procedures; and establish standards for approval and disapproval of applications for permits.
 - b. Establish examination specifications for each category of licensed and certified appraiser and administer examinations.
 - c. Approve or disapprove applications for permits, issue pocket cards and permits to practice, and maintain a registry of the names and addresses of individuals holding permits.
 - d. Discipline permittees.
 - e. Hold meetings, hearings, and examinations in places and at times as the board designates and maintain records of board activities.
 - f. Adopt rules, pursuant to chapter 28-32, necessary to implement this chapter or carry out the requirements imposed by federal law.
 - g. Adopt rules that clearly and concisely establish the standards for approval and disapproval of applications for permits. The rules must include a requirement that an application disapproval clearly specify the basis for the disapproval.
 - h. Keep permittees informed of board activities, including providing notification of board member terms and any upcoming board vacancy; internet posting of meeting notices and minutes; and internet posting of proposed and final rule changes.
2. The board, or the board's designated representative, may:
 - a. Promote research and conduct studies relative to real estate appraising and sponsor educational activities.
 - b. Contract for services necessary to carry out this chapter.
 - c. Enter reciprocity agreements with other states.
3. The board, or the board's authorized representative, may investigate and gather evidence concerning alleged violations of the provisions of chapter 43-23.3 or the rules of the board. Board investigative files are exempt records as defined in subsection 5 of section 44-04-17.1, but a copy of the investigative file must be provided to a licensee if a complaint is filed against the licensee by the board.

43-23.3-03.1. Public records exception.

Documents obtained by the board as part of the licensing, investigation, or disciplinary process which are deemed confidential under the uniform standards of professional appraisal practices are exempt records as defined in subsection 5 of section 44-04-17.1.

43-23.3-04. Permit required - Exemptions.

Except as provided in this section, a person may not directly or indirectly engage in, advertise, conduct the business of, or act in any capacity as an apprentice, licensed, or certified appraiser without first obtaining a permit as provided in this chapter. An appraiser, apprenticed, licensed, or certified in another state may not engage in, advertise, conduct the business of, or

Applications for a ND appraiser permit: (2008-2012)

Year	Total # Issued	Certified General	Certified Residential	Licensed	Apprentice
2012	66 issued 7 upgrading 44 via reciprocity 15 new applicants 0 denied	29 issued 1 upgrading 28 via reciprocity 0 denied	16 issued 3 upgrading 13 via reciprocity 0 denied	6 issued 3 upgrading 3 via reciprocity 0 denied	15 issued 15 new applicants 0 denied
2011	24 issued 6 upgrading 12 via reciprocity 6 new applicants 3 denied	8 issued 1 upgrading 7 via reciprocity 0 denied	9 issued 3 upgrading 5 via reciprocity 1 new applicant 1 denied	2 issued 2 upgrading 0 via reciprocity 2 denied	5 issued 5 new applicants 0 denied
2010	40 issued 9 upgrading 9 via reciprocity 22 new applicants 1 denied	8 issued 1 upgrading 5 via reciprocity 2 new applicants 1 denied	10 issued 6 upgrading 4 via reciprocity 0 denied	2 issued 2 upgrading 0 via reciprocity 0 denied	20 issued 20 new applicants 0 denied
2009	45 issued 31 upgrading 7 via reciprocity 7 new applicants 7 denied	8 issued 3 upgrading 4 via reciprocity 1 new applicant 0 denied	29 issued 26 upgrading 3 via reciprocity 4 denied	2 issued 2 upgrading 0 via reciprocity 3 denied	6 issued 6 new applicants 0 denied
2008	19 issued 6 upgrading 5 via reciprocity 8 new applicants 7 denied	6 issued 2 upgrading 4 via reciprocity 3 denied	1 issued 1 upgrading 0 via reciprocity 0 denied	4 issued 3 upgrading 1 via reciprocity 4 denied	8 issued 8 new applicants 0 denied

TOTAL APPRAISERS AS OF 12/12

CG	147
CR	60
LA	41
AA	<u>45</u>
Total	293

2011 figures

128
44
43
<u>47</u>
262